

## *Report*

*On the conference organized by Friedrich–Ebert–Stiftung Prague in co-operation with EUROPEUM Institute for European Policy on November 29, 2007*

### **The Czech Republic behind the Steering Wheel of the European Union Strategic issues of the EU Presidency in 2009**

#### **Programme and participants**

**Keynote speech: *The Impact of the Reform Treaty institutional changes on the Czech EU Presidency***

- **Alexandr Vondra**, Deputy Prime Minister for European Affairs of the Czech Republic's Government

**Panel I: *Crucial Factors of a successful EU Presidency – Lessons learned***

- **Daniela Kietz**, Stiftung Wissenschaft und Politik
- **Matej Marn**, Head of EU Department, Ministry of Foreign Affairs, Slovenia
- **Ole Toft**, Head of the EU policy department, Ministry of Foreign Affairs, Denmark

**Panel II: *The main political challenges for the Team Presidency 2008-2009***

- **Jerome Creel**, OFCE (Institut d'Etudes Politiques de Paris)
- **Lukáš Pachta**, EUROPEUM
- **Jonas Eriksson**, Swedish Institute for European Policy Studies

#### **Keynote speech**

The Czech Presidency (in the first half of 2009) is going to be influenced by the implementation of the changes the Reform (Lisbon) Treaty envisages in the institutional field. **Alexandr Vondra** opened the event with remark that the Czech government is going to be prepared for all scenarios, which can arise in connection to the ratification process and the date the Treaty comes into effect; the strategic considerations are under way as well as the operational preparations.

Overall, the circumstances are not favourable for the performance of the first Czech Presidency; there are five reasons why it will be a difficult task:

- **First**, European Parliament (EP) elections are taking place in June 2009, influencing the legislative effectiveness of the body – two scenarios: EP ineffective roughly since February 2009 (rather optimistic) or already since the end of 2008 (pessimistic but likely scenario, based on the informal talks with MEPs). The room for manoeuvre in legislative sense will be thus limited for the Czech Presidency. The EP elections will also contribute to a heated atmosphere both, in the EU as such, and in the Czech Republic's domestic politics in particular. In the countries holding the EU Presidency a political ceasefire is usually concluded for given 6 month period. In case of the Czech Republic it can prove difficult due the last general elections results and post-elections development.
- **Second**, also the European Commission's term in office is going to end during the Czech Presidency; the Commissioners will split into two groups: those aspiring for re-nomination (with a limited will to promote any reform steps at given time) and those leaving the Commission for good (some of them striving to return to their domestic political life and thus ready to support particular interests of a Member State).
- **Third**, the date the Reform Treaty enters into effect (consequences in terms of implementation of the new institutional provisions – namely investiture of the Permanent President of the European Council and newly defined High Representative for CFSP). It is an external variable, which depends on ratification process in all 27 Member States. There is a will to avoid the problems (the referendum will take place only in Ireland); however the situation can get complicated elsewhere (the Netherlands) or the ratification can get delayed (Constitutional Court examination).
- **Fourth**, Reform (Lisbon) Treaty comes into effect as planned, bringing up the issue of “transformation/implementation period” entailing not only the discussion on investiture process and particular names but also the (still) unresolved “code of conduct” under which the new institutional structure will operate.
- **Lastly**, the “unknown unknowns” entering the process and influencing (dominating) the Presidency implementation; the only thing, which can be taken for granted is the factor of uncertainty and the need to be prepared for all possible developments. There are two ways how the uncertainty can be approached – as a burden or as a challenge, and the Czech Government is going to address it as a challenge. It will be a test of flexibility and realism (realistic approach), of maturity of the Czech politics, diplomacy and bureaucracy; and if completed successfully, the Czech Republic's position in the EU will be strengthened.

#### 4 scenarios regarding the Reform (Lisbon) Treaty:

- Treaty in effect as of January 1<sup>st</sup> 2009 (as planned)
- Treaty in effect during the spring 2009
- Treaty ratification significantly delayed, no implementation overlaps with the Czech Presidency
- Treaty not ratified

It is evident, that the major impact on the Czech Presidency would have **the first scenario**. Due the envisaged institutional changes, the Presidency would be more inwards-oriented. Four elements have to be mentioned when this scenario applies. **First**, the Presidency will not chair the formal and informal European Councils, which leads to the question of the tasks and position of the (Czech, and future Presidencies as well) Prime Minister; this issue is serious since it is closely intertwined with the motivation and sense of ownership on the side of the heads of states and governments. To motivate the top national politicians is crucial for a successful Presidency as well as the tangible political pay-offs they can see. Functioning model (new rules of the game) of the “cohabitation” of the Presidency and the Permanent President of the European Council must be found. **Second**, the nomination of the High Representative for CFSP (not so politically sensitive) will leave the Presidency without an influence over the EU external relations and it will be an interesting issue in terms of the Member States’ internal politics, too. **Third**, the Czech Presidency will focus more on the EU internal policies, trying to influence the legislation-making, if the EP is fully operational at least for some time. It is envisaged there will be rather a room for initiating a conceptual work (green and white papers) in combination with reflecting and balancing the achieved state of affairs; the year 2009 will mark 20 years anniversary of the fall of the Berlin wall and 5 years after the 2004 enlargement – the Czechs have already agreed with the European Commission to issue jointly a study “5 years after”, which would underline the benefits of the enlargement. **Fourth**, representation of the Council towards the other EU institutions and implementation of the institutional changes in relations to them (the organisational and administrative preparations are also a priority of the French Presidency).

**The second scenario** – ratification stumbles elsewhere. It is questionable, whether the Czech Republic’s influence over the nomination policy (new posts) would thus increase. Czech Presidency could face “specific legislation-making strategies” of some countries, which could start delaying or speeding up the process.

**The third scenario** – longer delay in ratification or a deal to start with the new institutional provisions after the EP elections; in this case, the Czech Presidency would be “full-fledged” in current terms and would have to negotiate the investiture to the new posts, to certain extent. The role of the Presidency in the EU external relations would remain intact.

**The fourth scenario** – the consequences of non-ratification are not clear, yet, but the Presidency’s role as a broker or moderator of the reflection process would be a priority. The Czech Presidency would also strive to prevent the unfavourable developments (not in Czech interests) like any moves towards the “core Europe”.

#### *Q&A*

**Preparations in Trio** – the work on the 18-month programme already represents a compromise and, to certain extent, mirrors the issues EU is able to agree on. The 3 governments have much in common; a reform drive and an aim to increase competitiveness vis á vis China and India. However, the three countries put different accents on certain issues as well (attitudes to CAP for example).

**Political realism** is a value added, to adopt strictly and ideological approach is counterproductive in the EU. The ideological debate is taking place but not at the expense of

reaching a compromise. Looking at the developments in the ODS itself, the recent party congress showed the political realism is the only way forward; it is an important asset.

**Value added of the Czech Presidency** – accomplishment of four freedoms, further enlargement and more active approach towards the neighbourhood (slogan “Europe without barriers”). Good transatlantic relations must be maintained and more coherent policy towards Russia would be a goal as well. Energy policy is of key importance to the Czech Presidency – the European Commission already prepared the third energy package, which should be mirrored in the concrete policy steps in 2008/2009.

**Transatlantic bargain during the Czech Presidency** – stress on keeping strong NATO; if the outcome of the bargain would be stronger Europe and NATO it would add new quality and dimension to the transatlantic cooperation; also the economic link, revived by the German Presidency, is very important.

### Panel I

By way of introduction, *Daniela Kietz* gave an overview of the functions and tasks, which must be completed, as well as of limitations and restrictions any EU Presidency works under and why there is usually much smaller room for manoeuvre than generally perceived.

#### **Roles and functions of the EU Presidency:**

- **Management of the day to day business of the EU Council** – scheduling, chairing and coordination of up to 4.000 meetings at the working levels, coordination of the negotiations with the European Parliament;
- **Brokerage** – perceived as a most important role, Presidency as a mediator of a compromise in the negotiations within Council, with the EP and also in relations to the third countries (summing up all positions and look for a compromise and bargains);
- **Political leadership** (strategic guidance) – Presidency has to put the actual negotiations to the wider perspective of the future challenges for the EU, moving away from frictions and recasting the debate in the long term perspective;
- **Initiating new projects** – most of the presidencies want to leave a fingerprint on the EU agenda, bringing up two or three long term projects.

#### **Restrictions and constrains the Presidency works under:**

- Limited room for bringing up Presidency’s own projects or policy goals (especially the public and the media are not aware of this fact); the Presidency rather implements the existing and planned EU agenda (and the external crisis can occur);
- New projects can be either initiated or a project started by the predecessor completed, in given six month; it is a period too short for extensive concept work;

- Presidency has a central role in the institutional system, however, it is just one of many actors involved (EP, the national delegations, the third countries, etc.).

To conclude, the Presidency is not that almighty as it might seem, and very often the national public and media expectations are much higher than what can be achieved in reality.

### **Overview of the factors, which made the German Presidency successful:**

- **Starting preparations as early as possible** – important programme-wise and in terms of priorities selection; realistic time planning (time schedule) of the meetings in the EU institutions and negotiation processes in the single dossiers is crucial (especially for other (small) MS it takes longer to build their negotiation position); important also in terms of building strategies and coalitions beforehand (when the Presidency starts, it is too late to start mapping the “Presidency friendly” coalitions for given dossiers). Smaller countries tend to rely more on cooperation with the Council Secretariat and the European Commission (and EP), necessary to develop good relations.
- **Brokerage** – it is important to create a sense of ownership within the Presidency team (political elites), lot of effort must be put into achieving the goals and all actors must be dedicated and involved in this process (right attitude of the PM, ministers, civil servants). Personalities (and their attitude) matter (in relation to this, the investiture of the Permanent President of the European Council can damage the initiatives coming from the offices of heads of states). Neutrality, fairness and credibility as the fundamental factors of a successful broker; need to tame the national interests.
- **Unity of the national standpoint** – no disaccord among the national line ministries, which would limit the capability of the Presidency to act at the EU level, can occur.
- **Strategies of action when the national interest of the Presidency is too strong** – to build a coalition of likeminded Member States representing the interest of the Presidency without its direct involvement. Cooperation with the Commission (and the EP) in advance in order to bring Presidency ideas through the Commission in. Frame the new project as an EU interest and to cooperate with the preceding Presidencies.
- **Informality and large number of bilateral and multilateral meetings** – informal consultations between the ministers (and high level civil servants) and their EU counterparts before the German Presidency started; factor of resources (usually, the Presidencies of smaller Member States tend to be better because they have limited national interest and it is easier for them to coordinate their national level but a small country cannot effectively carry out so many bilateral meetings).
- **Consultations with EU institutions** – not to ignore European Parliament and the European Commission (change of the German Presidency strategy towards the EP when negotiating on Justice and Home Affairs issues).
- **Inclusiveness** – especially important for the big Member States to get the smaller ones on the board (also within QMV).

The speaker concluded with the remark on the **Trio Presidency** – the results of the first Trio (Germany, Portugal, and Slovenia) analysis are rather disappointing. The differences between having two Presidencies cooperating closely and a Trio Presidency do not seem to be significant. The consultation of the programming took place but in terms of cooperation on the implementation, the results are rather limited (especially in CFSP and ENP fields). In terms of coherence, the cooperation in Trio did not bring much improvement.

*Ole Toft* presented a high civil servant view on running a Presidency; it is a huge task with a tremendous workload (also during the month leading to the Presidency) requiring a lot of effort and financial resources but the pay-offs are also enormous, not only in political terms (presentation of the country, appeal to the domestic public); Presidency also creates a knowledge and expertise within the national public administration.

An informal tradition of “parliamentary truth” among the political parties has developed in Denmark; the opposition is well informed about the government’s steps during the Presidency (regular coordination meetings).

**Framework conditions for a Presidency** (need to be taken into account when planning the Presidency):

- **Agenda-setting role** – mostly the inherited agenda, including the high level meetings (in Danish case – 90% was inherited, only 5% can be labelled a Danish Presidency initiative (in 2002) – usually connected to the geographical factors).
- **Structural preconditions** – for the Czech Presidency, the EP elections, end of European Commission’s term in office and Lisbon Treaty ratification are crucial.
- **Unforeseen events** – energy supply crisis or a terrorist attack; need to prepare mentally and create response structure within the public administration in advance.

**Characteristics of a successful Presidency:**

- **Ability to solve given tasks** and move the projects further; necessary to set the direction and stick to it so that the procedure is transparent for the partners.
- To be perceived as an **honest broker**, handling the issues of national interest by an indirect approach.
- **Managing the risk of losing a focus**, especially during the last two months.

**Two crucial conditions for a successful Presidency:**

- Extensive preparations
- Creation of an effective and flexible organisation of the Presidency, allowing for fast and efficient response



### Lessons learned from the 2002 Danish EU Presidency:

- **Enthusiasm** as a prerequisite for a good Presidency, creating an energy moving things forward.
- **Clear chain of command and communication within the Presidency** has to be established so that no time is spent on coordination at the national level; it requires political ownership and good organisation.
- **Cooperation between the capital and the Permanent representation in Brussels must function perfectly**; it is a crucial element (during the Danish Presidency, strategic decisions were taken in the capital and operational decisions in Brussels so that the people there could act at in a real time).
- **Good working relations with the Council and the European Commission**; it is also important to liaise in advance with key MEPs; personal relations are important.
- **Media** – need to coordinate the positions of the parts of the system (specifically Brussels and the capital) so that the media get the same message (also a good website of the Presidency is needed – it serves as a main tool for many journalists).

*Matej Marn* elaborated on state of preparations in Slovenia (first half of 2008).

- **Cooperation with the European Commission** and Council Secretariat is very important; Slovenian Presidency counts on several papers and dossiers Commission is to publish during the upcoming six months.
- **Preparations** started already in 2005, when the decision on future EU Presidencies was taken. Slovenia is the first “new” (and Slavic) Member State to preside, interesting geo–strategic position.
- **Work in Trio** – it was a good exercise because all line ministries were heavily involved in the preparations of the joint programme (starting already in 2006); also the following French Presidency is important since France will represent Slovenia in many countries in the world (also a cooperation on the calendar of meetings due the planning on yearly basis)
- Issue of **human resources** – Slovenia as a small country (2.000 civil servants needed for running the work of the Council).
- Model of **Brussels–based Presidency**, with the strategic decisions taken in Ljubljana and the operational decisions in Brussels.
- **Centralized organizational structure** – 5 sub-working groups preparing the Presidency: Group on programme (Ministry of Foreign Affairs), Human resources group, PR and Communication Group (responsible for logo and communication), Secretariat of the Presidency (logistics of the events in Slovenia), Group on budget (estimated costs € 62 million); PM’s office is the highest decision-making body,

Ministry of Foreign Affairs responsible for CFSP and Government office for European Affairs, attached to the PM's office, runs I and III pillar coordination.

- **Priorities** – ratification and implementation process of the Reform (Lisbon) Treaty, the Western Balkans and Kosovo issue, Lisbon strategy, climate change.
- **Issues coming up during the Presidency** (besides the Reform (Lisbon) Treaty ratification) – establishment of a wise men group (French idea) – how will the EU look after 2020, revision of the European Security Strategy (mandate has not been set, yet), Mediterranean Union (French idea).

## *Q&A*

**Objective criteria of a successful Presidency** – hard to elaborate (different views from Brussels and from the national capitals), national ministries usually evaluate their performance and also independent think-tanks carry out this task but doing it simply by taking the Presidency's goals and assess whether they were achieved is not realistic since many external factors can influence the Presidency. It is necessary to look at every dossier and evaluate everything – brokerage, management as well as all constraints coming into play.

**How a right image can be created** (of the country holding the Presidency and of the EU) – to set the clear goals; involvement of the public is important – information and awareness raising policy on the Presidency goals and priorities; promotion of culture of given Presidency country elsewhere (Presidency as a selling factor).

**How can the Presidency influence the working programme of the Commission** – need to be in contact with the Commission at a very early stage. Due the enlargement, it is more then ever necessary to work outside the meeting rooms of the Council. The Commission is also changing its working rules and it is important to be in a constant dialogue with her (in a pro-active way and also at technical level). It is much easier to seek the support in advance than later on, when the proposal is already drafted and tabled (Very often, one of the worst problems of a Presidency is that it cannot get the papers it expected from the Commission).

**Roles of the MEPs in preparing the Presidency** – they are active but it differs country by country; in Slovenia, the MEPs tested what the EP thinks about different issues Slovenia is going to open. The MEPs have influence through the EP party (fractions) channels, too.

## **Panel II**

The main issues of the Franco-Czech-Swedish Trio Presidency were discussed, especially the intertwined issues of the CAP reform, and revision (and reform) of the EU financial perspective, as well as Trio Presidency priority overlaps.

*Jerome Creel* opened the panel with remarks on the French position; after the presidential elections, new discourse of “France is being back in Europe” emerged.



At the moment, there are numerous (7) **priorities of the French Presidency**, in hierarchical order as follows:

- **Migration** – aim to foster a European pact on global and coordinated management of migration, selective approach to the immigrants as a principle.
- **Energy** – preserving France's supplies safety and to encourage the development towards use of nuclear energy and development.
- **Environmental issues** – sustainable development and promotion of equal taxes and emission permits, to reduce the greenhouse gases emission, post-Kyoto.
- **Defence** – more expenditure and Mediterranean Union project
- **CAP** – re-examination of spending and policy as such (position: we need CAP but a reformed one with more control on crediting, able to enhance environment protection)
- **Growth and employment** – continuing the Lisbon strategy
- **External relations** (rest of the world) – intellectual property rights protection, fight against poverty and development policy

Ambitious agenda; conditional success depending on the capacity of the French authorities to overcome the differences over CAP – two main issues are related: the disputes over the costs of CAP within the EU and secondly, the international dimension (WTO); a thorough analysis of the third countries production and specializations should be done.

### **Future of the CAP**

- Doha agreement is fostering competition – a positive trend for the European consumers; problem of the last European Commission Communication (advocating gradual elimination of milk quotas, suppression of supply limitations, etc.) – the Commission tries to foster supply in order to reduce prices but it can turn ineffective on the long run when being implemented. Opposition of France towards Commission's position. French position – CAP must be preserved because public intervention is legitimate (against dumping), and market failures and externalities occur. Commission's position – other model of risk management (against dumping) – taxes or indirect payments and decoupling.

*Lukáš Pachtá* elaborated on the Czech Presidency priorities; there are two types of priorities: given by the context and time frame, and selected by the Presidency.

- **Liberalization agenda**, which goes against the French motto (Protection Europe). To evaluate it critically, the Czech Presidency will be probably not able to go beyond the issue of free movement of persons (and labour). There will be no room for starting other initiatives (further efforts towards liberalization of the services, for example, or the trade policy, complicated by the CAP reform).
- **Energy policy** – joint priority of the Trio, convergence of the positions on nuclear energy (with France, with Sweden to lesser extent); question of credibility of the Czech Presidency (the issue is closely linked with the topics like alternative energy resources and climate change and the extreme position of the Czech president Vaclav Klaus on these issues can harm the credibility as well as government's position on "unbundling", which was in line with the interests of CEZ company).

- **External relations**– the official document on the Presidency priorities uses a heading “Europe as a global partner”, not actor or player, which suggests the Czech government’s attitude to CFSP is rather sceptical.
- **Budget reform** (priority given by the context): two separate issues – first, health check of the current Financial Perspective (2007-2013), i.e. mainly the revision of the current expenses (CAP expenses, as a part of the 2003 CAP reform). The French Presidency will strive to conclude this part during its six month. Second, the debate on the budget reform after 2013 (condition of the 2005 agreement on the Financial Perspective 2007-2013); debate on the structure of expenses and revenues – the main question to be answered is how to spent the money most effectively (which policies) on the EU level. Czech Presidency will open the debate during the spring European Council. Czech Republic’s position: liberal, declaring a need to lower CAP expenses. The position of the Czech Republic as a credible mediator is however questionable; there are three reasons: first, in the 2008-2009 it will turn from net beneficiary to net contributor and the logic of “just return” is resonating with the current government. Second, the problem of coalition-building, the Czech government seeks support in the UK, which has rather extreme position on the budget issues (rebate). Third, and most importantly, there is no concept or the Czech position towards CAP after 2013 (phasing in is ending in 2013 and the Czech farmers could lobby against the liberalization and CAP expenses cuts). As to the EU budget revenues, the Czech position is rather in line with the trend to lower the VAT portion due the lack of transparency (many exceptions and exemptions). Czech government wants to abandon VAT revenue at all without offering a substitute mechanism (like the EU tax, which is planned by the Commission – opposition of the current Czech government).

The position of **Trio** towards the **budget reform** is rather heterogeneous but the ambivalence of the Czech position suggests that the French and Czech positions are paradoxically closer than they appear at first sight.

*Jonas Eriksson* gave an overview of the steps Sweden has been undertaking in relations to its Presidency:

- **Climate change** – in line with long tradition of Sweden to focus on environment; the presumption is that the post-Kyoto deliberations will happen during the Swedish Presidency and energy security issues.
- To increase Europe’s growth, Sweden will concentrate on the internal market, combining sustainable development and aspects of growth, aiming at better regulation and reducing the red tape, pushing ahead the Doha development agenda. **Review of the budget** is a sub-priority under this heading. It is a very real priority for Sweden and four historical factors come into play here: first, the agriculture - the (centre) parties associated with the farmers are against the CAP reform. Second, EU Structural and Cohesion policy – the Swedish regions are not eligible for sufficient funding and that plays in “just return” sense. Third, Sweden is net contributor from the very beginning of its membership (rebate debate) and fourth, EU scepticism is rather widespread as a backlash of raising the high expectations of the EU membership (although

since 2006 with the new government the euroscepticism is decreasing), and the neutrality issue is important, too. The four factors combined lead to a strong focus on CAP and Swedish EU budget contribution. On current expenditure, the new government does not differ much from the old one (further substantial reform of CAP is needed, the solidarity within the Structural funds stops with the 10 CEE Member States). "Coherence between the policies must be secured and counteractions avoided" – it applies to CAP in relation to Development and Trade policies and, second, to Structural and Cohesion policy in relation to Lisbon Strategy – it means a complete phasing out of market price support and export subsidies (this position was already taken by Sweden when negotiating the current Financial Perspective) and serious reduction of the Cohesion policy in richer Member States. There is no timeframe for phasing out (unlike in the UK – 2020). The new government changed a tone – it wants "to be in an inner court of the EU", it presents more constructive positions. Revenue side – need of reform per se is acknowledged, Sweden wants a system based entirely on GNI (traditional own resources will be kept and allowed to shrink). The EU tax – it is unlikely the Swedish government would consider it seriously. Rather positive attitude to limit the EU budget to 5 year framework.

- **Justice and Home Affairs** – Hague programme, which will be renegotiated during the Swedish Presidency. Fighting cross-border organised crime and asylum and migration as a focus.
- **Environmental problem** in the Baltic Sea region
- **Enlargement** – the only issue, which unifies the political parties in Sweden, support to Turkish membership
- **Strengthening the CFSP** – more active and coherent, safeguarding peace and democracy

## *Q&A*

**Overlaps of the Presidency Trio** – real convergence can be expected in the energy security issues (including climate change and renewable resources of energy).

**Pro-enlargement attitude in Sweden** – the high level of support towards the last Eastern enlargements; the reasoning behind is to stabilize the neighbourhood and democracy promotion. As to the Turkish membership and the cost of enlargement, there are many analyses (by CEPS, for example) suggesting that Turkish membership would not cost much and it is not seen as a difficult issue. As to the Swedish position on Kosovo independence (rather negative), the main issue probably is the stability of the region, which troubles Swedish government.

**Mediterranean Union** (what is the idea behind) – spirit of regionalism would be involved (free trade area) and the issue of Turkey would be solved – two tier strategy of the French president in order to reflect the position of other Member States (namely Germany) and the possibility of attitude change of the French public in the future.